

FIRST SET OF DOCUMENT AND INFORMATION REQUESTS OF  
THE DEPARTMENT OF COMMUNICATIONS AND ENERGY TO  
BOSTON GAS COMPANY, COLONIAL GAS COMPANY AND ESSEX GAS COMPANY  
D/B/A KEYSpan ENERGY DELIVERY NEW ENGLAND

D.T.E. 04-62

Respondent: Ann Leary

Information Request DTE 1-43

- Q. Refer to Exhibit KED/AEL-1. Discuss how KeySpan will allocate the working capital allowance under the proposed consolidation. Provide any study that the Company has conducted to determine the appropriate net lag period which will be used in the allocation of the working capital allowance under the proposed consolidation.
- A. The Company proposes to determine the net lag period that will be used in the calculation of working capital by combining all the components of the lag calculation. The net lag is comprised of the following:
1. Days Delay from Gas Service to Customer Meter Reading – 15.21 days. This is the same for all companies (representing one half of a month).
  2. Days from Meter Reading to Billing – 1.62 days. This is the same for all companies because each company is on the same meter reading schedule.
  3. Days Delay from Billing to Collection- This is calculated by taking a 13 month average of the accounts receivable as percent of firm revenues. To calculate the combined factor, the Company sums the accounts receivable and firm revenues for each company.
  4. Total Days Lag in Payment of Expense- This is the same for all companies because the Company is proposing to combine the portfolio.

Attachment DTE 1-43 shows the combined net lag for the period November 2002-April 2003.